

3. Respondent SFP is an investment adviser registered in Tennessee with an assigned CRD number of 121272.

II. GENERAL STIPULATIONS

4. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of this Consent Order by the Commissioner. Entry and execution of this Consent Order by the Commissioner shall occur when the Commissioner signs and dates this Consent Order.

5. It is expressly understood that this Consent Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

6. This Consent Order is executed by the Commissioner, the Division, and the Respondents to avoid further administrative action with respect to the same findings of fact described herein. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

7. The Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondents for acts and/or omissions not specifically addressed in this Consent Order nor for facts and/or omissions that do not arise from the facts or transactions herein.

8. The Respondents fully understand that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or

regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

9. The Respondents waive all further procedural steps and all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry and execution of this Consent Order by the Commissioner.

III. FINDINGS OF FACT

10. Respondent SFP has been registered in Tennessee since June 26, 2002.

11. On September 25, 2020, the Division opened a post-registration cyclical examination of the Respondents.

12. During the examination, the examiner determined that Respondent SFP failed to provide evidence of annual delivery to its clients of a copy of either Part 2 of its Form ADV or a written document containing the information then so required by Part 2 of Form ADV (“brochure”) for 2018 and 2019, as required by Tenn. Comp. R. & Regs. 0780-04-03-.10(1).

13. During a previous examination in 2017 the Division found that Respondent SFP failed to provide evidence that it provided its clients with its brochure, as required by Tenn. Comp. R. & Regs. 0780-04-03-.10(1). The Division communicated this issue to the Respondents on or about June 7, 2017, and the Respondents provided evidence of corrective action to the Division on or about June 15, 2017.

14. Respondent SFP indicated on its form ADV that the firm did not have discretionary authority on any client accounts and indicated on its brochure that the firm did not have discretionary trading authority over client assets.

15. During the examination, Respondent Stinson informed the Division that the firm did maintain and continues to maintain discretion over some client assets. Following the examination, Respondent Stinson corrected the brochure to reflect that the firm does maintain discretion over some client assets.

16. Between April and November of 2005, Respondent Stinson, in his capacity as an investment adviser representative, entered into separate contracts with four (4) individuals to provide certain services at a rate of one hundred fifty dollars per hour (“\$150.00”) up to seven hundred fifty dollars (“\$750.00”) for six (6) months. Respondent Stinson, in his capacity as an investment adviser representative, entered into a contract during that same period with another individual to provide certain services at a rate of one hundred fifty dollars per hour (“\$150.00”) up to one thousand dollars (“\$1,000.00”) for six (6) months.

17. All five (5) of the contracts referenced in paragraph sixteen (16) contained a clause providing for termination of the agreement upon the completion of specific services agreed upon, or six months from the execution of the agreement, whichever happened first. None of the five (5) contracts had been extended, renewed, or otherwise modified in writing. No new agreements were executed in writing with the five (5) clients.

18. Between 2018 and 2020, Respondent Stinson received fees for services provided from four (4) of the five (5) clients referenced in paragraph sixteen (16) without any written contract in place. For two (2) of those clients, Respondent Stinson accepted higher fees than those which had been agreed upon in the initial contract based upon a verbal agreement

19. On or about October 4, 2019, Respondent Stinson, in his capacity as an investment adviser representative, entered into a contract to provide certain services. The contract contained a clause providing for termination of the agreement upon the completion of specific financial

services agreed upon or six months from the execution of the agreement, whichever happened first. At the time of the examination, the contract had not been extended, renewed, or otherwise modified in writing. No new agreement with client had been executed.

20. At the time of the examination, Respondents were still acting on behalf of these six (6) clients although all six (6) of these contracts had expired. Respondents and five (5) of the six (6) clients executed new contracts subsequent to the Division's examination.

21. Respondent Stinson provided evidence to the Division that overcharged funds were returned to the affected clients subsequent to the Division's examination.

22. Respondent Stinson maintained client usernames and passwords for outside retirement plan accounts for two clients.

IV. CONCLUSIONS OF LAW

23. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

24. Tenn. Code Ann. § 48-1-116 provides that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

25. Tenn. Code Ann. § 48-1-112(a)(1) and (a)(2)(A) provide that the Commissioner may by order deny, suspend, or revoke any registration upon finding that the order is in the public interest, necessary for the protection of investors, and the applicant has filed an application for registration that includes any untrue statement of material fact or omits to state any material fact.

26. Tenn. Code Ann. § 48-1-112(a)(1) and (a)(2)(G) provide that the Commissioner may by order deny, suspend, or revoke any registration upon finding that the order is in the public interest, necessary for the protection of investors if an investment adviser “[h]as engaged in dishonest or unethical practices in the securities business[.]”

27. Tenn. Code Ann. § 48-1-112(d) establishes that when the Commissioner is authorized to deny, revoke, or suspend the registration of an investment adviser or investment adviser representative, “the [C]ommissioner may . . . impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for all violations for any single transaction, or in an amount not to exceed ten thousand dollars (\$10,000) per violation if an individual who is a designated adult is a victim.”

28. Tenn. Comp. R. & Regs. 0780-04-03-.10(3)(a) provides that an investment advisor must provide Part 2 of Form ADV or brochure to its clients annually.

29. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)(1) provides that it is an unethical or dishonest business practice under Tenn. Code Ann. § 48-1-112(a)(2)(G) to exercise any discretionary power in placing an order for the purchase or sale of securities for the account of a customer without first obtaining written discretionary authority from the customer.

30. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)(11) provides that it is an unethical or dishonest business practice under Tenn. Code Ann. § 48-1-112(a)(2)(G) to misrepresent to any advisory client the fees to be charged for advisory services, or to omit to state a material fact necessary to make the statements made regarding fees, in light of the circumstances under which they are made, not misleading.

31. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)(19) provides that it is an unethical or dishonest business practice under Tenn. Code Ann. § 48-1-112(a)(2)(G) to extend or renew any

investment advisory contract unless such contract is in writing.

32. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(c)(18) provides that it is an unethical or dishonest business practice under Tenn. Code Ann. § 48-1-112(a)(2)(G) for an investment adviser who has custody or possession of securities or funds in which any client has any beneficial interest to take any action, directly or indirectly, with respect to those funds or securities or funds when the investment advisor's action is subject to an not in compliance with the requirements of Tenn. Comp. R. & Regs. 0780-04-03-.07.

33. Based on the Findings of Fact above, the Respondents failed to provide clients with annual delivery of the firm's form ADV.

34. Based on the Findings of Fact above, the Respondents exercised discretionary authority in client accounts without written authorization.

35. Based on the Findings of Fact above, the Respondents acted on behalf of clients without a valid contract in writing to do so.

36. Based on the Findings of Fact above, the Respondents charged clients fee amounts that were not contractually agreed to in writing.

37. Based on the Findings of Fact above, Respondent Stinson exercised custody over client accounts without complying with Tennessee's custody rule.

38. The Commissioner finds the following relief appropriate, in the public interest, and necessary for the protection of investors.

V. ORDER

NOW, THEREFORE, based on the foregoing, including the Respondents' waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondents' admission to the jurisdiction of

the Commissioner, the Commissioner finds that the Respondents agree to the entry and execution of this Consent Order to settle this matter as evidenced by the Respondents' signature.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-1-116, that the Respondents shall:

1. **COMPLY** with the Act, as amended, and all rules promulgated thereunder; and
2. **PAY** a civil penalty to the State of Tennessee of five thousand dollars (“\$5,000.00”). The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this Consent Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days of the date of entry and execution of this Consent Order, as evidenced by the Commissioner's signature, and mailed to the attention of:

**State of Tennessee
Department of Commerce and Insurance
Attn: Jacob R. Strait
500 James Robertson Parkway
Davy Crockett Tower
Nashville, Tennessee 37243**

3. The Respondents' failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary action, which may include the assessment of additional civil penalties.

4. This Consent Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondents for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.

5. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondents affirmatively state the following: the Respondents freely agree to the entry and execution of this Consent Order; the Respondents waive the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order or the enforcement of this Consent Order; and the Respondents encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

6. By signing this Consent Order, the Commissioner, the Division, and the Respondents affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

7. This Consent Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED _____ July 7 _____, 2022.


Carter Lawrence (Jul 7, 2022 15:41 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY AND EXECUTION:



Robert Kevin Stinson,
Individually and on behalf of,
Stinson Financial Planning


Elizabeth H. Bowling (Jul 6, 2022 20:46 CDT)

Elizabeth H. Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



Jacob R. Strait, BPR #032389
Associate General Counsel
Department of Commerce and Insurance